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Clinton Claims Interest on Money He Doesn't Have
**Clinton's Social Security Proposal:
Double-Counting *Plus* Interest**

Much has been made of Clinton's Social Security proposal, which double-counts its way to a claimed rosy scenario of 23 years' of additional solvency — that is, from its projected 2032 to 2055 [see RPC papers: *Double-Counting for Dummies* (2/3/99) and *Clinton's Latest Budget: Honestly Phony* (2/1/99)]. As we have shown, Clinton commits \$2.3 trillion more than the \$4.5 trillion surplus he projects over the next 15 years (see table on the reverse). If that was not bad enough, Clinton is also claiming an additional \$29.9 trillion in interest income on money he double-counted in the first place.

Without this fictional "interest" compounded on fictional dollars, Clinton could not make the claim that he does.

Clinton's Double-Counting ...

As a walk-through of all the double-counting, review the table on the reverse, which shows how Clinton double-counts trillions of surplus dollars to meet all the claims he has made for his FY 2000 budget.

- Clinton claims a \$4.5 trillion surplus over the next 15 years, yet \$2.3 trillion is already Social Security's money.
- Of the remaining \$2.2 trillion dollars in non-Social Security surplus, Clinton claims to give \$2.8 trillion more to Social Security — \$600 billion more than he has.
- In addition, Clinton claims to spend \$1.7 trillion more on his proposed USA retirement accounts (\$500 billion), Medicare (\$700 billion), and government spending (\$500 billion for other new domestic and defense spending). That adds up to a total \$2.3 trillion more than he has.

... *Plus* Interest

If all this financial finagling were not enough, Clinton takes it one step further. Clinton then credits his Social Security proposal with all of the interest that would accumulate over the next 55 years if the money were really there. Despite not having the money available to make his

claimed \$2.8 trillion payment to Social Security, Clinton's phony Social Security proposal will earn fictional "interest" beyond what the Social Security trust fund would have accumulated:

- An additional \$29.9 trillion in nominal interest payments [or, an additional \$9.9 trillion in constant 1999 dollars (adjusted for inflation)].

From Double-Counting to Triple-Counting

Despite the complexities of President Clinton's Social Security sham, it can be simply summarized: Clinton has taken money he didn't have (\$2.3 trillion of his claimed \$2.8 trillion Social Security payment) and paid himself interest he couldn't earn (\$29.9 trillion in nominal or \$9.9 trillion in constant 1999 dollars). This is accounting worthy of the heyday of the S&L debacle. America is right to be dubious of this.

As the old adage goes, "If something sounds too good to be true, it probably is." That is triply true in the case of Clinton's claim to being able to spend more than he has and claim to increase the Social Security trust fund's solvency by 70 percent (from 2032 to 2055).

Clinton 15-year Budget Balance Sheet	
Total Budget Surplus	\$4.5 trillion
Social Security Surplus	\$2.3 trillion
Non-Social Security Surplus	\$2.2 trillion
	minus
Clinton's Big-Spending Proposals	\$1.7 trillion
(Medicare: \$700 billion,	
USA accounts: \$500 billion,	
Government spending: \$500 billion)	
Remaining Surplus	\$0.5 trillion
	minus
Clinton's Social Security Payment	\$2.8 trillion
(\$2.1 trillion to trust fund and	
\$0.7 trillion in government investment)	
Final Balance	-\$2.3 trillion

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